

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 18-23538 (RDD)

(Jointly Administered)

**FINAL APPLICATION OF FTI CONSULTING, INC., FINANCIAL ADVISOR TO THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF SEARS HOLDINGS
CORPORATION, *ET AL.* FOR FINAL ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR THE PERIOD
FROM JULY 1, 2022 THROUGH OCTOBER 29, 2022**

Name of Applicant:

FTI Consulting, Inc.

Authorized to provide Professional Services
to:

Official Committee of Unsecured Creditors
of Sears Holding Corporation, *et al.*

Date of Retention:

December 19, 2018, *nunc pro tunc* to October
25, 2018

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

Period for which compensation and reimbursement is sought:	July 1, 2022 through October 29, 2022
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Amount of Compensation sought as actual, reasonable and necessary	\$14,437.50
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Amount of Expense Reimbursement sought as actual, reasonable and necessary	\$0.00
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Total Fees and Expenses Due:	\$14,437.50
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This is a: ____monthly ____interim Xfinal application

**SUMMARY OF SERVICES BY PROFESSIONAL
DURING THE APPLICATION PERIOD**

Professional	Position	Specialty	Billing Rate ¹	Total Hours	Total Fees
Diaz, Matthew	Sr Managing Dir	Restructuring	1,200	4.0	\$ 4,800.00
Nelson, Cynthia	Sr Managing Dir	Real Estate	1,150	0.3	345.00
Star, Samuel	Sr Managing Dir	Restructuring	1,200	8.0	9,600.00
Eisler, Marshall	Managing Dir	Restructuring	930	4.4	4,092.00
Shapiro, Jill	Sr Consultant	Restructuring	658	27.4	18,032.50
TOTAL				44.1	\$ 36,869.50
Plus: Final Fee Application Preparation Incurred Post-Effective Date					3,442.50
Less: Voluntary Reduction ²					(25,874.50)
GRAND TOTAL					\$14,437.50

¹Rates increased effective October 1, 2022. The rates reflected herein represent the blended rate based on time incurred during the Application Period.

²Voluntary reduction relates to agreed reductions to resolve the fee examiner objections in connection with the Confirmation Hearing.

**SUMMARY OF HOURS BY PROJECT CATEGORY INCURRED
DURING THE APPLICATION PERIOD**

Task Code	Task Description	Total Hours	Total Fees
5	Real Estate Issues	0.3	\$ 345.00
11	Prepare for and Attend Court Hearings	2.9	3,480.00
16	Analysis, Negotiate and Form of POR & DS	22.8	18,487.50
18	Potential Avoidance Actions & Litigation	0.7	840.00
24	Preparation of Fee Application	17.4	13,717.00
TOTAL		44.1	\$ 36,869.50
Plus: Final Fee Application Preparation Incurred Post-Effective Date			3,442.50
Less: Voluntary Reduction ¹			(25,874.50)
GRAND TOTAL		44.1	\$14,437.50

¹Voluntary reduction relates to agreed reductions to resolve the fee examiner objections in connection with the Confirmation Hearing.

FTI Consulting, Inc. (together with its wholly owned subsidiaries, the “**Applicant**” or “**FTI**”), financial advisor to the Official Committee of Unsecured Creditors (the “**Committee**”) of Sears Holdings Corporation, *et al.*, (collectively, the “**Debtors**”), hereby submits its Final Fee Application (the “**Fee Application**”) for allowance of compensation for professional services performed by FTI for the period commencing July 1, 2022 through and including October 29, 2022² (the “**Application Period**”) and reimbursement of its actual and necessary expenses incurred during the Application Period, net of voluntary reduction^{3,4,5}, and respectfully represents as follows:

INTRODUCTION

1. FTI provided services to the Committee in accordance with the instructions and directions of the Committee. FTI is compensated on an hourly fee basis, plus reimbursement of actual and necessary expenses incurred by FTI.

2. By this Fee Application, FTI seeks allowance of (i) compensation for actual and necessary professional services rendered by FTI as financial advisor to the Committee for the Application Period in the amount of \$14,437.50 and (ii) reimbursement for expenses incurred in the Application Period in the amount of \$0.00, for a total of \$14,437.50 for the Application Period.

² The Notice of Occurrence of Effective Date [ECF No. 10693] was filed on October 31, 2022 noting that October 29, 2022 is the Effective Date of the Plan.

³ On August 10, 2022, the *Application for Final Professional Compensation / Final Application of FTI Consulting, Inc., Financial Advisor to the Official Committee of Unsecured Creditors of Sears Holdings Corporation, et al. for Final Allowance of Compensation and Reimbursement of Expenses for the Period from October 25, 2018 Through June 30, 2022 for FTI Consulting, Inc., Other Professional, period: 10/25/2018 to 6/30/2022, fee: \$111,251,60.75, expenses: \$496,111.98. filed by FTI Consulting, Inc.* [ECF No. 10577]. The related order approving this fee application was entered on September 2, 2022 [ECF No. 10626]. This Fee Application seeks final approval for fees incurred between July 1, 2022 and the Effective Date.

⁴ Voluntary reduction relates to agreed reductions to resolve the fee examiner objections in connection with the Confirmation Hearing.

⁵ In accordance with the Order Signed on 10/15/2019 (I) Confirming Modified Second Amended Joint Chapter 11 Plan of Sears Holdings Corporation and its Affiliated Debtors and (II) Granting Related Relief [ECF 5370], FTI has forty-five (45) days after the Effective Date, October 29, 2022, to file its final fee applications.

3. The statutory bases for the relief requested herein are sections 330, 331, and 1103 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Rule 2016-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “**Local Rules**”), and the United States Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 for Attorneys in Larger Chapter 11 Cases, effective as of November 1, 2013 (the “**U.S. Trustee Guidelines**”). This Application has been prepared in accordance with General Order M-447, the *Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York* (June 17, 2013) promulgated pursuant to Local Bankruptcy Rule 2016-1(a) (the “**Local Guidelines**”), the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, entered on November 16, 2018, [ECF No.796] (the “**Interim Compensation Order**”), and the *Order Authorizing Appointment of Independent Fee Examiner Pursuant to 11 U.S.C. § 105(a) and Modifying Interim Compensation Procedures for Certain Professionals Employed Pursuant to 11 U.S.C. § 327* [ECF No. 3307] (the “**Fee Examiner Order**”).

4. This Fee Application summarizes the services rendered by FTI on behalf of the Committee during the Application Period. While it is not possible or practical to describe each and every activity undertaken by FTI, FTI has maintained contemporaneous time records which include a detailed chronology of the daily services rendered, describing the precise nature of the work, the specific tasks performed, and the time expended by each professional. A breakdown of the hours and fees by professional is annexed hereto as **Exhibit A**. A breakdown of the hours and fees by task code is annexed hereto as **Exhibit B**. A detailed copy of the time records for the Application Period is annexed hereto as **Exhibit C**.

5. As of the date of this Fee Application, FTI is owed \$14,437.50 for professional fees and \$0.00 for actual and necessary expenses for a total of \$14,437.50.

JURISDICTION

6. This Court has jurisdiction over this Fee Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Application in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

7. On October 15, 2018 (the “**Petition Date**”), the Debtors filed with the United States Bankruptcy Court for the Southern District of New York (this “**Court**”) their voluntary petitions for relief under chapter 11 of the Bankruptcy Code. For the bankruptcy process, the Debtors selected Weil, Gotshal & Manges LLP as counsel (“**Weil**”), M-III Partners, LP as financial advisor (“**M-III**”), and Lazard Frères & Co as its investment banker (“**Lazard**”).

8. The Debtors continue to operate their businesses and manage their assets as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

9. On October 24, 2018, the Office of the United States Trustee for the Southern District (the “**US Trustee**”) filed a *Notice of Appointment of Official Committee of Unsecured Creditors* [ECF No. 276] pursuant to section 1102 of the Bankruptcy Code. At the Formation Meeting, the Committee selected Akin Gump Strauss Hauer & Feld LLP (“**Akin**”) as its counsel, and on October 25, 2018, the Committee selected FTI as its financial advisor. On October 29, 2018, the Committee selected Houlihan Lokey Capital Inc. as its investment banker (“**Houlihan**”).

10. As of the date of this Fee Application, the Committee is comprised of: (a) Pension Benefit Guaranty Corporation; (b) Oswaldo Cruz; (c) Winiadaewoo Electronics America; (d)

Computershare Trust Company, N.A.; (e) The Bank of New York Mellon Trust Company; (f) Simon Property Group, L.P.; (g) Brixmor Operating Partnership, L.P.⁶

11. On December 19, 2018, the Court entered the *Order Authorizing the Retention of FTI Consulting Inc. as Financial Advisor to the Official Committee of Unsecured Creditors Nunc Pro Tunc to October 25, 2018* [ECF No. 1325] (the “**Retention Order**”).

TERMS AND CONDITIONS OF EMPLOYMENT

12. FTI is compensated on an hourly fee basis, plus reimbursement of actual and necessary expenses incurred by FTI. For further information regarding the terms and conditions of FTI’s retention, please see the Retention Order. FTI filed the Star Declaration in support of its retention on February 13, 2019 [ECF No. 2577].

SUMMARY OF SERVICES RENDERED

13. The Debtors’ chapter 11 cases have presented numerous large and complex issues that had to be addressed in order to preserve and maximize value for unsecured creditors. The Retention Order authorized FTI to render financial advisory services to the Committee.

14. FTI has taken reasonable steps to avoid duplication of services by FTI’s professionals. During the course of the Application Period, there have been a few instances where more than one FTI professional attended a hearing or conference. These multiple attendees were necessary to accomplish the significant amount of work which needed to be performed in a compressed amount of time involving complex facts and transactions and the participation to divide up the work was necessary under the circumstances.

⁶ At the Formation Meeting, the US Trustee appointed nine members to the Committee. However, Basil Vasiliou and Apex Tool Group, LLC resigned from the Committee on January 13, 2019 and March 31, 2020, respectively.

REASONABLENESS OF FEES

15. FTI seeks compensation for actual, necessary professional services rendered and reimbursement of reasonable expenses incurred on behalf of the Committee during the Application Period. During the Application Period, FTI charged \$14,437.50 in fees. FTI submits that its fees are reasonable for the work performed in these cases and the results obtained.

16. All of the services for which final compensation is sought herein were rendered for and on behalf of the Committee and not on behalf of any other entity. FTI respectfully submits that the professional services rendered were necessary, appropriate and have contributed to the effective administration of the Debtors' chapter 11 cases and maximization of value. It is respectfully submitted that the services rendered to the Committee were performed efficiently, effectively and economically, and the results obtained have benefited the unsecured creditor body as a whole and the Debtors' estates.

17. FTI believes that its billing rates in these Chapter 11 cases are "reasonable billing rates" for purposes of this Court's determination of the "reasonableness" of the fees for services rendered, appropriate for fees in these cases, and are in accordance with FTI's Retention Application. FTI's customary billing rates were disclosed in the retention papers and approved by this Court.

CONCLUSION

18. In accordance with the factors enumerated in section 331 of the Bankruptcy Code, the amounts requested herein are fair and reasonable given (a) the complexity of the cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under the Bankruptcy Code.

19. FTI submits that pursuant to the criteria normally examined in bankruptcy cases and based upon the factors considered in accordance with sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016, the results achieved provide more than sufficient justification for approval of the compensation sought by FTI.

20. As a result of FTI's efforts herein, it is respectfully submitted that FTI's efforts are resulting in a substantial benefit to the Committee and its constituents.

21. WHEREFORE, FTI respectfully requests the final award for fees during the Application Period in the amount of \$14,437.50 and reimbursable expenses in the amount of \$0.00, totaling \$14,437.50 be granted and that this Court grant such other, further and different relief as it deems just and proper. FTI seeks prompt payment of unpaid fees and expenses related to the Application Period in the amount of \$14,437.50.

Dated: New York, New York
December 14, 2022

FTI CONSULTING, INC.
Financial Advisors to the Official Committee of
Unsecured Creditors of Sears Holdings Corporation

By: /s/ Matthew Diaz
Matthew Diaz, Senior Managing Director
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New York, New York 10036
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EXHIBIT A

**SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538
SUMMARY OF HOURS BY PROFESSIONAL
FOR THE PERIOD JULY 1, 2022 TO OCTOBER 29, 2022**

Professional	Position	Specialty	Billing Rate¹	Total Hours	Total Fees
Diaz, Matthew	Sr Managing Dir	Restructuring	1,200	4.0	\$ 4,800.00
Nelson, Cynthia	Sr Managing Dir	Real Estate	1,150	0.3	345.00
Star, Samuel	Sr Managing Dir	Restructuring	1,200	8.0	9,600.00
Eisler, Marshall	Managing Dir	Restructuring	930	4.4	4,092.00
Shapiro, Jill	Sr Consultant	Restructuring	658	27.4	18,032.50
TOTAL				44.1	\$ 36,869.50
Plus: Final Fee Application Preparation Incurred Post-Effective Date					3,442.50
Less: Voluntary Reduction ²					(25,874.50)
GRAND TOTAL					\$14,437.50

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EXHIBIT B

**SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538
SUMMARY OF HOURS BY TASK
FOR THE PERIOD JULY 1, 2022 TO OCTOBER 29, 2022**

Task Code	Task Description	Total Hours	Total Fees
5	Real Estate Issues	0.3	\$ 345.00
11	Prepare for and Attend Court Hearings	2.9	3,480.00
16	Analysis, Negotiate and Form of POR & DS	22.8	18,487.50
18	Potential Avoidance Actions & Litigation	0.7	840.00
24	Preparation of Fee Application	17.4	13,717.00
TOTAL		44.1	\$ 36,869.50
Plus: Final Fee Application Preparation Incurred Post-Effective Date			3,442.50
Less: Voluntary Reduction ¹			(25,874.50)
GRAND TOTAL		44.1	\$14,437.50

¹Voluntary reduction relates to agreed reductions to resolve the fee examiner objections in connection with the Confirmation Hearing.

EXHIBIT C

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

DETAIL OF TIME ENTRIES

FOR THE PERIOD JULY 1, 2022 TO OCTOBER 29, 2022

Task Category	Date	Professional	Hours	Activity
5	8/11/2022	Nelson, Cynthia	0.3	Review and correspond re: proposed sale of parcel.
5 Total			0.3	
11	8/31/2022	Star, Samuel	2.9	Attend court hearing on litigation settlement, administrative claims reserves and final fee application.
11 Total			2.9	
16	7/1/2022	Diaz, Matthew	0.6	Review slides to the designees re: potential mediation settlement.
16	7/1/2022	Eisler, Marshall	1.9	Evaluate potential mediation settlement.
16	7/1/2022	Shapiro, Jill	0.6	Participate on call with Akin re: waterfall.
16	7/1/2022	Shapiro, Jill	2.6	Prepare presentation for designees.
16	7/1/2022	Shapiro, Jill	0.2	Participate on call with M-III re: waterfall.
16	7/3/2022	Eisler, Marshall	0.4	Evaluate potential mediation settlement.
16	7/5/2022	Eisler, Marshall	2.1	Prepare waterfall for litigation designees.
16	7/12/2022	Shapiro, Jill	0.6	Update waterfall.
16	7/19/2022	Shapiro, Jill	0.6	Prepare updated uses schedule as requested by counsel.
16	8/8/2022	Star, Samuel	0.3	Assess banker fees for asset sales.
16	8/16/2022	Shapiro, Jill	0.1	Participate on call with M-III re: waterfall.
16	8/16/2022	Shapiro, Jill	1.4	Update waterfall based on M-III updated information.
16	8/17/2022	Star, Samuel	1.8	Develop updated value waterfall analysis based on ESL settlement and review claims estimate.
16	8/17/2022	Shapiro, Jill	0.8	Participate in call with M-III re: waterfall.
16	8/17/2022	Shapiro, Jill	3.2	Update waterfall analysis.
16	8/17/2022	Shapiro, Jill	1.0	Update waterfall analysis based on discussions with M-III.
16	8/18/2022	Shapiro, Jill	1.1	Update waterfall report.
16	8/19/2022	Diaz, Matthew	0.5	Review the waterfall analysis report.
16	8/19/2022	Shapiro, Jill	1.5	Update waterfall and associated report.
16	8/19/2022	Shapiro, Jill	0.2	Participate in call with S. Brauner re: waterfall.
16	8/19/2022	Shapiro, Jill	0.2	Participate in call with M-III re: waterfall.
16	8/22/2022	Diaz, Matthew	0.5	Review the updated waterfall analysis.
16	9/2/2022	Diaz, Matthew	0.6	Review the updated settlement order.
16 Total			22.8	
18	8/8/2022	Star, Samuel	0.7	Review litigation settlement documents.
18 Total			0.7	
24	7/6/2022	Shapiro, Jill	0.2	Finalize April and May fee statements.
24	8/2/2022	Shapiro, Jill	0.5	Prepare June fee application.
24	8/3/2022	Shapiro, Jill	0.6	Prepare June fee application.
24	8/3/2022	Shapiro, Jill	2.0	Prepare final fee application.
24	8/4/2022	Diaz, Matthew	0.5	Review the June fee application.
24	8/4/2022	Shapiro, Jill	3.8	Compile prior fee detail for final fee application.
24	8/4/2022	Shapiro, Jill	2.7	Prepare cover for final fee application.
24	8/4/2022	Shapiro, Jill	0.2	Finalize June fee application.
24	8/5/2022	Diaz, Matthew	1.3	Review the final fee applications.
24	8/5/2022	Shapiro, Jill	2.0	Review and update final fee application.
24	8/5/2022	Shapiro, Jill	0.4	Finalize final fee application.
24	8/17/2022	Star, Samuel	0.5	Review fee examiner correspondence and prepare response.
24	8/18/2022	Star, Samuel	0.2	Draft email in response to fee examiner request.
24	8/23/2022	Star, Samuel	0.2	Participate in discussion with Akin re: professional fees.
24	8/23/2022	Star, Samuel	0.5	Develop response to fee examiner.
24	8/24/2022	Star, Samuel	0.4	Participate in call with Akin re: professional fees.
24	8/29/2022	Star, Samuel	0.5	Review proposed settlement.
24	10/27/2022	Shapiro, Jill	0.7	Prepare final fee application.
24	10/28/2022	Shapiro, Jill	0.2	Review unpaid amount.
24 Total			17.4	
Grand Total			44.1	

EXHIBIT D

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

SUMMARY OF EXPENSES

FOR THE PERIOD JULY 1, 2022 TO OCTOBER 29, 2022

Expense Type	Amount
Working Meals	\$ 43.03
TOTAL	\$ 43.03
Less: Voluntary Reduction ¹	(43.03)
GRAND TOTAL	\$0.00

¹Voluntary reduction relates to agreed reductions to resolve the fee examiner objections in connection with the Confirmation Hearing.

EXHIBIT E

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

EXPENSE DETAIL

FOR THE PERIOD JULY 1, 2022 TO OCTOBER 29, 2022

Date	Professional	Expense Type	Expense Detail	Amount
6/19/2022	Star, Samuel	Working Meals	Dinner while working late in office.	\$ 43.03
TOTAL				\$ 43.03
Less: Voluntary Reduction ¹				(43.03)
GRAND TOTAL				\$0.00

¹Voluntary reduction relates to agreed reductions to resolve the fee examiner objections in connection with the Confirmation Hearing.